

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Meeting of the Board of Trustees – In-House Actuary Meeting

August 11, 2015 – 9:00 a.m.

Members present:

JON HARRIS, Chairperson (Active No. 25669), term expiring– July 1, 2019
JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2016
JUSTIN NORRIS, Active Member Representative, term expiring July 1, 2017
VAUGHN ALTEMUS, representing Secretary of Agency of Education
LINDA DELIDUKA, VRTA Alternate representative, term expiring July 1, 2016
DANIEL RADDOCK – Financial Regulation Representative
ELIZABETH PEARCE, VT State Treasurer

Members absent:

Active Member Alternate Representative – vacant

Also attending:

Laurie Lanphear, Director of Retirement Operations
Joshua McCormick, assistant to Kathie Kretzer
Stephen Wisloski, Deputy Treasurer
Katie Green, Investment Manager
Nick Foss, Investment Analyst
Chip Sanville, Empower Retirement
Karl Kroner, Empower Retirement
Jonathan Smith, Empower Retirement
Valerie Baker, Empower Retirement – via telephone
Deborah Price, Agency of Education
Maeve McBride, 350 Vermont

The Chairperson, Jon Harris, called the Tuesday, August 11th, 2015 meeting to order at 9:03 a.m., which was held in the Large Treasurer's Conference Room, fourth floor, 109 State Street, Montpelier, VT.

On motion by Ms. Pearce, seconded by Mr. Altemus, the board voted unanimously to recognize the important work of all Teachers', State Employees, and Municipal Employees who put their personal safety in jeopardy in the service of all Vermonters. Furthermore, the board recognizes the work of all public employees and teachers, especially at this time, the Vermont Department of Children and Families; who employ admirable, hard-working, and courageous individuals who serve all Vermonters in pursuit of protecting those in our communities who are the most vulnerable. Specifically, the Vermont State Employees Teachers' Retirement Board of Trustees moves to recognize the life and work of the Vermont Department of Children and Families employee' Lara Sobel for her years of dedicated and expert service to the state and on behalf of all Vermonters. The Vermont State Teachers' Retirement Board of Trustees offers its deepest condolences to the family of Lara Sobel.

The board welcomed the newest members of the board of trustees. Dan Raddock, the new representative for Financial Regulation and Deborah Price, the new representative for the Agency of Education. Deborah will be replacing Vaughn Altemus after this meeting concludes.

ITEM 1: Approve the Minutes of:

- July 27, 2015
- July 28, 2015

On motion by Mr. Norris, seconded by Mr. Mackey, the Board voted unanimously to approve the minutes of July 27, 2015 and July 28, 2015, as submitted.

ITEM 2: Empower Retirement Presentation

Mr. Kroner presented to the board the latest quarterly results for the VSTRS Retirement plan (4/1/15 – 6/30/15). He went over the latest results of Total Assets, Asset Growth, and the percentage of Assets by Asset Class. Participants since last quarter have risen from 2,154 to 2,320 participants. Some numbers saw a big growth due to Colchester school now becoming a participating school in the 403B plan with Empower retirement effective 5/15/15. Mr. Smith spoke to the board about that process and stated to the board that it was a great success, adding 150 new participants to the plan. Mr. Kroner then went over with the board the percentage of Contributions by asset class, Contributions by Fund, Plan Participation, and Benefit Payment Distribution.

Mr. Sanville went over the field activity for the last quarter. There were 9 group meetings held, 326 appointments, 108 new enrollments, 94 people have increased their contributions, and received \$260K in roll-ins. Additionally, once Colchester School district joined, that added \$4.5 million in roll-ins.

Ms. Baker then went over with the board the fund performance review. Before going over VSTRS specific numbers, she explained to the board the criteria of how morning star and other ratings on the investment plans are calculated. She then went over with the board the ratings of each investment plan. She stated to the board that overall, all plans are doing well. There is not one plan with a morning star rating of “below”. She stated that Target date funds are doing very well. Ms. Baker addressed all questions asked of her by the board.

Mr. Sanville gave an overview of the SDIA plan. The plan has reduced 7.4 percent in the last year. There are still 1,478 participants in the plan. There are no participants under the age of 49, and 1,090 of the participants are over the age of 65.

The next time Empower Retirement will give a presentation will be at the February In-House meeting.

Karl Kroner, Chip Sanville, Jonathan Smith, and Valerie Baker all left the meeting at this time. Mr. Harris moved Items 5 and 6 on the agenda to items 3 and 4.

ITEM 3: GASB 67/68 Update

Ms. Pearce gave an overview of the GASB 67/68 requirements to the newest members of the VSTRS board. Ms. Pearce stated to the board that the reports are done. We are awaiting peer review by the KPMG auditors and then will make available to schools through the Employer Reporting system. Ms. Pearce is planning on getting these numbers to the school no later than the beginning of September.

ITEM 4: Treasurer's Update

Ms. Pearce stated that there are two changes to statutes that impact local schools, effective this fiscal year. First, any school system that has a new employee will be assessed \$1,097 towards healthcare. That bill will go out after the first employer report (10/15/15). Second, Federal grants will now be charged pension costs. We are working with the Agency of Education and the Vermont Association of School Business Officials (VASBO) to develop final procedures. Beth will present at the September VASBO meeting.

On September 4, 2015, there will be a Pension Funding Informational Session at the statehouse. Topics will include pension benefits, actuarial concepts, pension funding, VPIC and ESG policies.

There are two study groups, a Retirement Security study group and a Financial Literacy study group. The Treasurer will provide information on these initiatives on its web site and invites VSTRS members/public to provide input.

Stephen Wisloski joined the meeting at this time. Beth Pearce left the meeting at this time.

A recess was taken from 10:27 – 10:42

ITEM 5: VPIC Attendance report

The annual VPIC attendance report was presented to the board. Mr. Harris stated that VSTRS VPIC reps are doing a great job of attending the meetings.

ITEM 6: Electronic Devices/Ipads

The board discussed having all VSTRS members get an Ipad to allow for more materials to be sent electronically. The board discussed the pros and cons. Ms. Green explained to the board of how VPIC is using electronic devices conduct business. Mr. Mackey and Ms. Deliduka currently have Ipads, as they are VSTRS representatives for VPIC. After discussion, the board felt it was a good idea to start sending information electronically.

On motion by Mr. Mackey, seconded by Mr. Altemus, the board voted unanimously to buy Ipads for VSTRS board members who currently do not have them.

The Ipads will be given to members at the next In-House meeting. "Training on Ipads" will be an agenda item for that meeting.

ITEM 7: Public Comment

Maeve McBride gave public comment on behalf of 350 Vermont.

ITEM 8: Any other business to be brought before the board

Mr. Harris asked of the status of the Historical Funding Report. Mr. Mackey said it was still ongoing, but wants it to be ready by legislative session.

Mr. Harris wants an agenda item added to the next In-House meeting, "Disability process update"

Mr. Norris asked about administrative retirements. Ms. Lanphear stated the retirement office is still receiving them, often late.

Mr. Mackey made a motion for the board to not support any restrictions on investments to preserve the fiduciary responsibilities to participants and the concerns for the VT taxpayer.

The board discussed this motion and after further discussion, Mr. Mackey withdrew this motion. Another agenda item was added for the next In-House meeting, "VPIC Fiduciary Responsibilities".

Mr. McCormick asked the board if the September conference call scheduled for September 10th could be moved to September 16th, at 3:30 p.m. The board agreed to this.

The board thanked and expressed their gratitude for Mr. Altemus for all his years of service on the VSTRS board.

ITEM 5: Adjournment

On motion by Mr. Altemus, seconded by Mr. Mackey, the Board unanimously voted by roll call to adjourn at 11:35 a.m.

Next Meeting Date:

The next scheduled VSTRS meeting is a conference call meeting, September 16th, at 3:30 p.m.

Respectfully submitted,

Kathie Kretzer
Secretary to the Board